

## ***Administrator's Message***

- GFOA Distinguished Budget Presentation Award





**JEFFERSON COUNTY**  
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**"Jefferson County: Responsible government advancing quality of life."**

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To The Honorable Members of the Jefferson County Board of Supervisors:

The 2017 Budget provides for a multitude of goals to be initiated, while at the same time maintaining operating budgets within the fiscal parameters of the County's guiding principles. Under this budget, the County will maintain a three month fund balance, fully fund all liabilities and balance the operations within the revenue parameters that exist. It further invests in numerous key areas as established by the board through committee recommendations and the task force and maximizes the ability to bring additional funding to deal with significant issues to include dealing with the on-going issues of heroin and opiates.

The full results of the budget could not be accomplished without the hard work of the Finance Committee, other standing County Committees/Boards, Department Heads and fiscal staff. The County has worked to balance the priorities within the fiscal realities of our current status. The County has now been recognized for the second year in a row by the Government Finance Officers Association with the Distinguished Budget Presentation Award. As has been documented, this award itself is more than an award but establishes numerous standards for what it embodies. As a high priority, this includes the goal of delivering a budget that emphasizes transparency and understanding of where the dollars provided go in funding government. Further it provides basic information as to day to day operations to assist stakeholders as to key day to day task and how it impacts the organization function. The goal continues to be for the Public and County Board to see policy guidance and priorities transcend both into the budgetary process and department operations.

The budget will continue to be an evolving document with changes predicated on strategic goal setting and the impact to services provided by the County. This includes the goal of developing a more enhanced priority based budgeting approach. This budget allocates funds to begin phase 1 of a more enhanced priority based budgeting process. As this process proceeds and the County continues to face competing interests for limited resources, the need to enhance the budget process will be crucial to the County's long term success, while it is asked to handle more complex challenges. This will include having proven outcomes by business functions which will become more crucial to ensure that staff maximizes opportunities for efficiencies to provide the high level of services at the best value possible.

## **Key Operational Changes:**

### ***Revenue:***

The County continues to examine various revenue streams to maintain its day-to-day operations. With maintaining a property tax freeze, the County may capture up to an additional \$330,000 in net new construction levy. The County is also continuing to see an increase in projected sales tax growth. Based on current trends, the budget shows an increase of \$100,000. The main reason for not budgeting higher is concern over some of the reporting within the DOR and the potential volatility with discretionary spending. In addition, this will be the first full year of the revised Investment Strategy which will see this revenue increase from \$350,000 to \$500,000. The County is projecting to see reduced interest on taxes not paid, reducing from about \$700,000 to \$420,000. Several departments have received new or increased grants and donations to help provide increased services and programs. There are also minimal proposed fee adjustments.

### ***Expenditures:***

As part of preparation for this budget, the focus was looking at current challenges and looking forward to the future years in preparing cost saving measures. The total projected 2017 County Budget is \$72,138,040.

Some highlights in this year's budget include:

- 1) **Personnel Changes:** There are several changes within the budget. The majority of these positions have alternative funding beyond tax levy that funds a significant portion of these positions. Under the Administration Department a new position will be added called a Criminal Justice Collaboration Council (CJCC)/Treatment Court Coordinator. Half the cost will be funded by a state grant. Under the Jefferson County Economic Development Consortium (JCEDC), 1.5 FTE will be added contingent upon sufficient funds be available by working with the private sector. There will be no levy impact.

A total of seven new positions will be created within the Human Services Department with two existing positions being realigned based on emerging needs. Most of these positions will be funded through capturing insurance and medical assistance funding. Under Management Information Systems (MIS), there is no net change in positions; however, a pool made of all levels of programming skill sets versus allocation by specific programming type will be developed. This will provide for flexibility in retaining and filling this key functional area. Under Parks, in lieu of specific seasonal workers, they will move to a pool of workers. This will assist this department in being reactive to the needs they have with more flexibility. Finally, within the Highway Department, this budget will develop two levels of skill sets within their pool employees. The first level will be the historical pool which includes things such as flagging operations. The second level of skill sets is new and will allow for hiring of supplemental pool staff to help with things such as mowing operations or supplemental truck drivers.

- 2) **Salaries:** The budget allows for the County to continue the step program for employees, along with a total movement of 1.5% cost of living adjustment (COLA). This COLA would be split and implemented .75% in January and .75% in July.
- 3) **Wisconsin Retirement System (WRS):** WRS will be increasing the rates for both general employees 6.6 % to 6.8% (rate apply to employee and employer and) and protected employees (sworn employee 6.6% to 6.8% and employer 9.4% to 10.6% with duty disability increasing from .18 to .40% for a total employer increase of 1.42%). For protected employees this is an increase to the county of over \$60,000 alone.

- 4) Health Insurance: The renewal rates for 2017 were very competitive, especially the two primary plans most employees use and resulted in very beneficial results to both the County and employees. This budget is based on maintaining the low-deductible plan the County shifted to in 2015. The County's contribution will remain flat from the 2016 Budget, with the majority of employees seeing no change or reduction to their premiums. A portion of employees will see increases to their premiums if they maintain their existing plan. In addition, the County will be able to contribute 25% of the deductibles to employees' flex spending accounts.
- 5) Contingency: The general contingency fund will have approximately \$525,000 allocated towards it with the vested contingency fund having an additional \$290,000. In addition, \$28,000 has been identified in Contingency for UW-Extension. Based on the annual reconciliation process, UW-Extension will not need these funds in 2017 due to reduction in services to the County. This budget is recommending that \$20,000 of this be utilized to help provide seed money for Farm Technology Days as required.

### **Tax Impacts**

The County has seen an increase of 3% equalized assessed valuation (EAV) within the County. This impact results in the operational MIL rate being reduced from 4.1452 in FY 2016 to 4.1168 in FY 2017. Including debt, the overall MIL rate is reduced from 4.3294 to 4.2969 or a 1.42% reduction.

The proposed levy is broken down as follows:

- General Levy - \$25,934,484
- County Library - \$1,070,311
- Health Department - \$838,207
- Debt - \$1,134,343

### **Capital Projects:**

The County continues to utilize savings from previous fiscal years and direct levy dollars to invest in the infrastructure, facilities and equipment to perform the key day-to-day functions for various County activities. Some key capital expenditure highlights include:

- Remodel 2<sup>nd</sup> Floor Restrooms – Courthouse - \$163,000
- MDC Offsite access (Sheriff) - \$280,000
- Courtroom remodel (1 branch) - \$45,000
- Replace Lake Mills Tower Equipment - \$90,000
- Technology Upgrades – Courtroom - \$50,000
- Replace Roofing – Health and Human Services - \$85,000
- Road Project
  - o Construction – CTH A (Crossman Road to Lake Mills)- \$790,000 (Fund Balance)
  - o Construction – CTH P (CTH E – CTH F) Phase 1 - \$1,900,000 (Levy)
  - o Rehab – CTH Y (CTH D – CTH F) - \$800,000 (Fund Balance - \$470,637; Levy - \$329,363)
  - o Resurfacing – CTH Y (US 18 – STH 26) - \$1,487,000 (grant - \$192,000; Levy - \$1,295,000)

### **Key Initiatives:**

CJCC/Treatment Court – Jefferson County has received over \$330,000 from 2014-2016 to run the County's first treatment court. Under statutory requirements, Counties were required to compete for funding to begin in 2017 through an enhanced grant process. The Criminal Justice Collaborating Council reviewed many of the trends the County had seen and made the following recommendations as part of this grant application. A) Seek maintaining the current

Operating While Intoxicated (OWI) Alcohol Treatment Court while enhancing it with restrictive substance OWI; B) Develop a Drug Treatment Court – this will develop additional tools to assist with the challenges of opiates and heroin. The goal is to bring this into a comprehensive approach which includes a treatment diversion program coordinated with law enforcement, Human Services and the District Attorney. In addition, it will look at building upon the counseling and medicated assisted treatment already available in Human Services. C) Finally, there was a desire to develop a full time County employee to be the CJCC/Treatment Court Coordinator. This will help take the coordination of programs to the next level.

**UW – Extension/Farm Technology Days** – As the Board is aware, the UW-Extension program across the state is going through a process to determine what the nEXT Generation of UW-Extension will be in the future. We have been asked by the State office to maintain funding. However, after feedback from the Finance Committee and UW-Extension, this budget proposes an alternate. Based on analysis and the reconciliation process with the 133 contract, the County can reduce its spending by \$28,000. The recommended budget moves this to a separate contingency line with the General Revenues and Expenditures. These funds can be utilized to assist in the \$20,000 requirement from the County to provide seed money for Farm Technology Days. This will also provide a methodology for the County to return funding in 2018 to the UW-Extension budget if the new format is in line with the County's desired outcomes. It is assumed in 2017 that the County will be down to two agents for the duration of the fiscal year.

**Economic Development** – One of the key areas from the Task Force and the JCEDC has been sustaining and building upon Economic Development opportunities within the County. The JCEDC is proposing that the \$1 per capita charge that has been in place for over 10 years is increased to a \$1.50 per capita. This level will get the County on par with other surrounding counties while at the same time provide services to the private sector via funds raised within the 501(c)(3).

**Task Force Projects-** As part of the Task Force discussion, several key areas were looked at for specific tasks. To assist in this, the County is able to use one time funding in 2017 to help move these initiatives forward. Included in General Expenditures is a professional service line item for \$80,000. This would provide for funds to assist in the Strategic Plan; phase 1 of Priority Based Budgeting; review for benefit/wages; facility planning and additional funds related to CQI/Leadership training.

#### **Financial Outlook:**

The foundation for the County financial position continues to be maintained. Although there will be challenges in the future, the County is in a positive position. On-going reviews and analysis will continue to be a necessity to ensure the fiduciary role the County serves in the utilization of funds across numerous functional areas. The County Board of Supervisors and Finance Committee consistently work with staff in reviewing best practices, look for new ideas, update policies and align the budget with strategic objectives.

The County continues to limit debt issued and is projected to be less than .23% of full valuation. The County has a statutory debt limit of \$332,997,185 with a total of \$317,352,185 available in debt capacity. The County maintains a very positive bond rating of Aa2.

To preserve this position, the County will need to look long term at several key areas to ensure it remains in a financial position that balances projected revenue streams with expenditures while still providing the level of services needed.



Below are some key long term areas that are crucial for the future.

***State Budget:***

The 2017-2019 State Budget has begun with state agencies providing requests to the Governor with the Governor's Budget being issued in February allowing the Joint Finance Committee to begin its work. There will be several areas that the County will monitor that may impact future County Budgets. This includes potentially the last two quarters of 2017. Updates will be provided as this process evolves.

***Personnel and Operational Budgets:***

A significant portion of the County's expenditures are tied to the cost of its employees' compensation package composed of salary, health insurance and pension contributions. The County continues to analyze what the proper mix of the compensation package is to ensure we are competitive within the market place for both recruitment and retention of staff. Some functional areas of the County are being impacted more than others due to numerous market conditions specifically those that are aligned with private sector comparatives. Some specific skilled positions are specifically impacted by the market.

***Technology:***

Technology changes continue to impact the costs to the County, specifically as new systems come online. This will be reviewed for offsets to operational expenditures. Several new systems in 2016 were completed to include greater public access to land records and register of deeds documents. Two major systems being finished in 2017 will be the new Enterprise Resource Planning (ERP) system and the electronic medical records systems. Upon being implemented, the County will begin seeing efficiencies anticipated in 2018. The investment in technology includes the on-going maintenance and operational cost that continue to rise at a significant rate which impacts all departments' operational budgets. At the same time, investments in new systems may assist in greater efficiency and provide tools that assist in providing needed services.

The cooperation and efforts by staff in the development of the 2017 Budget made the process very effective and smooth. A significant amount of work went into the FY 2017 Budget, as work continues to align resources within numerous demands while at the same time continuing to enhance the document to develop a budget narrative that explains quantifiable outcomes. These are the keys to providing an educational component for the return on investment made by the taxpayers at the local and state level.

A sincere thanks is in order to all the Department Heads; the respective financial divisions in Highway, Human Services and Health; the Finance Department, specifically Brian Lamers and Tammy Worzalla; the Human Resources Department, especially Terri Palm; Kathy Hart from Duplicating and Tammie Jaeger, my Administrative Assistant. They all put tremendous time and efforts into the development of this budget.

Respectfully Submitted,



Benjamin Wehmeier  
County Administrator



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Jefferson County  
Wisconsin**

For the Fiscal Year Beginning

**January 1, 2016**

Executive Director